

Message Text

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ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 AGRE-00 CIAE-00 COME-00 INR-07
LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03
OMB-01 L-03 INRE-00 SSO-00 /040 R

DRAFTED BY EB/FTD:CANGEVINE:HM
APPROVED BY EB/FTD:CANGEVINE
AGRIC - WDAVIS (SUBS)
EA/PHL - JSARTORIOUS (SUBS)
-----132340Z 035389 /62
O 132300Z JAN 77
FM SECSTATE WASHDC
TO AMEMBASSY MANILA IMMEDIATE

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E.O. 11652:N/A

TAGS:ETRD, RP

SUBJECT:COTTON CONTRACTS.

REF: STEVENS/SAMPSON TELCON

1. DEPARTMENT OF AGRICULTURE CONFIRMS THAT REGISTRATION FOR CCC CREDIT OF 328,000 DOLLARS HAS BEEN APPROVED FOR YUPANGCO. CREDIT WAS LISTED WITH OTHER PROPOSED REGISTRATIONS FORWARDED BY DBP; LIST DID NOT NOTE THAT YUPANGCO STILL HAD OUTSTANDING CONTRACTS, AND CREDIT WAS THUS REGISTERED AUTOMATICALLY.

2. NON ACEA SHIPPER HAS SUBSEQUENTLY REGISTERED SALE FOR JANUARY -FEBRUARY SHIPMENT UNDER CREDIT. WE DO NOT BELIEVE SHIPPER WOULD BE WILLING TO WITHDRAW SALE. US ACTION TO DE-REGISTER CREDIT WOULD POSE DIFFICULT
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LEGAL PROBLEMS. DEPT. OF AGRICULTURE HAS NOT YET RECEIVED NOTICE FROM DBP THAT LETTER OF CREDIT HAS BEEN ISSUED FOR SALE.

3. USG NOT PREPARED TO WITHDRAW APPROVAL OF REGISTRATION, BUT BELIEVES THAT WE SHOULD TAKE ADVANTAGE OF SITUATION TO TRY TO FINALLY RESOLVE YUPANGCO - CIEC DISPUTE.

DBP AND PRESS THEM NOT TO ISSUE L/C AND TO SEEK
RESOLUTION OF DISPUTE WITH YUPANGCO BEFORE GOING FORWARD
WITH CREDIT. EMBASSY SHOULD NOT VOLUNTEER CONFIRMATION
THAT USG WILL HONOR CREDIT IF L/C IS ISSUED; IF QUERIED
DIRECTLY ON THIS POINT, YOU MAY NOTE THAT REGISTRATION
OF CREDIT CREATES CERTAIN OBLIGATIONS OF USG TO US
SHIPPER AS WELL AS TO DBP. PLEASE REPORT RESULTS TO
DEPARTMENT BY IMMEDIATE CABLE. TALKING POINTS FOLLOW.

4. A. USG HAS NOTED THAT DBP LIST OF CCC REGISTRATIONS
INCLUDES 328,000 DOLLARS CREDIT FOR YUPANGCO.

-- B. USG FURTHER NOTES THAT IN LETTER OF ASSURANCES
DATED MAY 7, 1975, DBP STATES THAT NO FURTHER LETTERS
OF CREDIT FOR COTTON IMPORTS WILL BE ISSUED TO MILLS WITH
OUTSTANDING CONTRACTS.

WE HAVE NOT YET RECEIVED NOTIFICATION THAT A LETTER OF
CREDIT HAS BEEN ISSUED FOR THIS SALE; AND WE BELIEVE
THAT THE DBP IS OBLIGATED NOT TO ISSUE ONE UNTIL
OUTSTANDING CONTRACT ISSUE IS RESOLVED.

-- C. YUPANGCO AND CIEC HAVE NOT BEEN ABLE TO AGREE
ON MUTUALLY SATISFACTORY TERMS FOR PERFORMANCE OF CON-

TRACT. CIEC REMAINS WILLING TO CANCEL CONTRACT IF COURT
JUDGEMENT IS VACATED AND CLAIMS AND COUNTERCLAIMS
WAIVED. IN LIGHT OF RECENT CANCELLATION OF LIRAG
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CONTRACT AND APPARENT NEARNESS OF CANCELLATION OF
UNITEDASIA CONTRACT, WE BELIEVE THAT DBP HAS
OPPORTUNITY NOT LIKELY OCCUR AGAIN BRING THIS LONG
STANDING PROBLEM TO MUTUALLY SATISFACTORY CONCLUSION.
ACCORDINGLY, WE WOULD URGE DBP TO MAKE BEST POSSIBLE
USE OF LEVERAGE PROVIDED BY CCC CREDIT AND LETTER OF
ASSURANCES TO PERSUADE YUPANGCO TO AGREE TO CANCELLATION
OF CONTRACTS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, SALES, CREDIT, CONTRACTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE008401
Document Source: CORE
Document Unique ID: 00
Drafter: CANGEVINE:HM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770013-1204
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770154/aaaabuvz.tel
Line Count: 106
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 580405da-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3603233
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACTS.
TAGS: ETRD, RP, US, CCC-1, YUPANGCO
To: MANILA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/580405da-c288-dd11-92da-001cc4696bcc
Review Markings:
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